**Mercantilism - System that engages the Government in the economy. Ostensibly to ensure that the country balance of trade is positive (exports-import>0) and that wealth stays in the country.**

1. To ensure a **strong economy** that is **consistent with Mercantilism, government considered a variety of factors including,** 
   1. **security,**
   2. **protection from foreign competitive,**
   3. **insulating domestic production from being overrun by colonial production**
   4. **Enhancing government revenue thru tariffs.**

**Tariffs can be on both imports AND exports.**

In some circumstances, Government insulated the colonies from competition- regardless trade form the colonies had to pass in and thru England which often provided the government with additional revenue.

**Government policy can impact the economy of an area**

**Pro Tobacco and Rice policies**-> was a factor in why the **southern Colonies** became l**argely planting and agricultural economies**

**Embargoing Grain from the colonies limited exports** from the **northern Colonies**, reducing the viability of expansive commercial farming in the North. **Government policies in favor of naval wares (tar, timber etc…) supported a strong shipbuilding based on the northern Colonies**.  **Shifting production to certain basic resources (fish, timber etc…) as well as some manufacturing.**

BUT-- Enforcement was often lax, for practical reasons- ie. geography, but also because loads of people were involved in smuggling and courts, especially juries (peers) were often sympathetic to smuggling.(**salutary or benign neglect**). Example **Molasses Act** was regularly violated without any consequence.

Taxes, quotas and embargoes. Public Policy, Enforcement, Avoidance and Consequences

Why?

How have you avoided taxes? Online purchases  
Avoided government policy by bringing something in State/country that you aren’t allowed to?

Security- English Ships/English Crewmen, naval wares into England from colonies

Foreign Competition- Flag ships, limit sales across borders, Sugar/Molasses

Protecting domestic producers- Grain, Certain goods, hats, woolens, linens

Enhance Government revenue-Charge tax on good entering England (Tobacco coming into country for sale elsewhere.

Side benefits- Swedish Tax on Iron helped colonies

How could government enforce sales tax rules? Smuggling?

Jones Act?

How does public policy help/hurt an industry? Internet? Healthcare? Solar panels, Energy?

What industries/resources do the Colonies have?

Tobacco, Naval wares, Fish, Iron, Grain (including Rice),

Why would England limit colonial trade w/foreign countries?

Why and how would England enforce its regulations?

The background/The good and the Bad

1642 exempted New Enland

1651 English Vessels (limit Dutch)

1660 Tobacco/sugar/cotton/ must go thru England and heavily taxed

1672 limits on intercolonial trade

First laws would led to disaster if applied strictly

No Tobacco grown in England, Spanish Tobacco out (monopoly)

High Tariff on Swedish Iron helped Iron exports from Colonies

Corn Laws 1666

Limits Grain exports to England, caused New England to shift from investing in Agricultural prod to manufacturing-> limits on manufacturing---1708 ¾ wool and linen goods hats in New York came from NY-> 1732 law exporting hats … Limits

Iron- as Iron production in colonies ramped up 1750 England protected domestic industry--

West Indies /Coloines trade-impacted by Molasses Act- -Duties on Sugar and Molasses from W. Indies- caused a reduction in trade w/that area.

Rice/Tobacco no threat to England

Means to enforce and why it was so baadddd

Board of Trade and Plantations 1696

Oversaw, colonial legislators

Customs office in ports

Admiralty courts

Jury Nullification!!!- why?

England as well full of smugglers

England policies also helped colonies→ especially Tobacco---initially outlawed by England- became a cash cow!!!, likewise subsides for naval wares industries (for English ships and for export!)...helped develop a shipbuilding industry in New England

Southern Economies, dependent upon sale of tobacco and rice- Agricultural based economy

Northern economies- manufactured goods, ship building.

How did New England get all that $$ to purchase 600,000 pounds of goods